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COMMERCE COMMISSION
2007 MAY 22 AM 10:10
OFFICE OF THE CLERK

Mt. Carmel Public Utility Company :
Petition for an Order of the Commission :
Authorizing issuance of a Consolidated Note : Docket No. 07-0225
Under 220 ILCS 5/6-102 :

**STAFF'S ANSWER TO MT. CARMEL
PUBLIC UTILITY COMPANY'S PETITION**

1. Now comes the Staff of the Illinois Commerce Commission ("Staff") in response to Mt. Carmel Public Utility Company's ("Mt. Carmel" or "Company") Amended Petition. On April 4, 2007, Mt. Carmel filed its Amended Petition in this Docket pursuant to Section 6-102(b) of the Illinois Public Utilities Act ("Act"). This petition explains Mt. Carmel's proposed indebtedness of \$8,000,000 aggregate principal amount in the form of a consolidated loan ("Loan") for the purposes of retiring existing indebtedness and to fund expenditures on utility assets such as the transmission voltage facilities and utility vehicles. The Loan will have a variable interest rate at 1.5% above the one month London Interbank Overnight Rate (LIBOR) and a term of five years. Further explanation of the Loan is provided in ICC Staff Exhibit 1.00.

2. Staff has reviewed Mt. Carmel's Amended Petition and Article VI of the Act and states as follows:

1. The Company's proposal is subject to Section 6-101, which requires the Commission to provide proper identification numbers on the proposed Loan when issued. The Company requests one identification number for the proposed Loan.
2. The Company's proposal is subject to Section 6-102(a), which requires that a utility obtain Commission authorization before issuing indebtedness for terms in excess of twelve months. An Order that approves the indebtedness must also state the amount of the proceeds and purposes to which they are to be applied, and that such applications are reasonably required.
3. The Company's proposal is subject to Section 6-102(b), which grants the Commission the power to refuse its approval of applications to issue securities, in whole or in part, upon a finding that the issue of such securities would be contrary to the public interest.
4. The Company's proposal is not subject to Section 6-102(d) since the Company's proposal does not meet the conditions described in either Section 6-102(b)(2) or (3).
5. The Company's proposal is subject to Section 6-108, including the proceeds Mt. Carmel contemplates using for the purposes of retiring existing indebtedness since that indebtedness remains outstanding without the Commission's consent. The Company shall be required to pay an amount equal to 24 cents for every

\$100 of the \$8,000,000 principal amount of indebtedness authorized by the Commission for which no fee has been previously paid. The resulting required fee of \$19,200 is to be paid no later than 30 days after service of the Commission Order authorizing the issuance of the Loan. The fee was calculated as follows:


$$\$8,000,000 * (\$.24/\$100) = \$19,200 \text{ (fee to Commission)}$$

6. The Company's proposal is also subject to 83 Illinois Administrative Code Part 240, which requires petitioner to file reports relative to the indebtedness of the Loan and application of the proceeds, unless the Commission Order provides otherwise (Section 240.30).
7. Staff has found nothing in the Company's filing to lead Staff to believe that the Company's proposed Loan would be contrary to the public interest. Therefore, Staff does not oppose the Company's proposal to issue up to \$8,000,000 under the terms of the Loan for the purposes described in the Company's Amended Petition and ICC Staff Exhibit 1.00.

WHEREFORE, the Staff of the Illinois Commerce Commission recommends that the Commission issue an Order, pursuant to Section 6-102(b) of the Act, authorizing the transactions described in Mt. Carmel's Amended Petition and identifying the applicable provisions of the Act and Administrative Code. Staff further recommends that the Commission order Mt. Carmel to pay a \$19,200 fee pursuant to

Section 6-108 of the Act and file reports relating to the issuance of the indebtedness approved in this Order pursuant to 83 Ill. Adm. Code 240.

Respectfully submitted,

A handwritten signature in cursive script, reading "Sheena Kight-Garlisch".

Sheena Kight-Garlisch
Financial Analysis Division
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701
(217) 785-1406
May 22, 2007

CERTIFICATE OF SERVICE

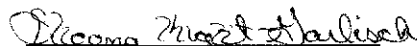
I, Sheena Kight-Garlich, Senior Financial Analyst in the Finance Department, Financial Analysis Division, Illinois Commerce Commission, do hereby certify that on the 22nd day of May, 2007, the Finance Department has delivered for filing with the Clerk of the Illinois Commerce Commission, the original of the attached Answer to Mt. Carmel Public Utility Company's Amended Petition in Docket No. 07-0225, a copy of which is also hereby served upon the service list.



Sheena Kight-Garlich
Senior Financial Analyst,
Financial Analysis Division

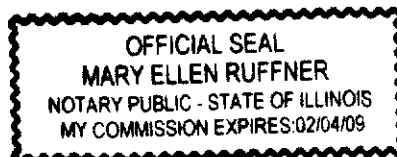
VERIFICATION

I, Sheena Kight-Garlisch, first being duly sworn upon oath, depose and say that I am a Senior Financial Analyst in the Finance Department for the Staff of the Illinois Commerce Commission; that I have read the above and foregoing Answer to Mt. Carmel Public Utility Company's Amended Petition by me subscribed and know the contents thereof; and that said contents are true in substance and in fact, except as to those matters stated upon information and belief, and as to those, I believe same to be true.


Sheena Kight-Garlisch
Senior Financial Analyst
Financial Analysis Division

Subscribed and sworn to before me
this 22nd day of May, 2007.


Notary Public, Illinois



SERVICE LIST
MT. CARMEL PUBLIC UTILITY COMPANY
DOCKET NO. 07-0225

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Commerce Commission
Ian Brodsky - Administrative Law Judge
Sheena Kight-Garlich – Senior Financial Analyst